GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:492
ANSWERED ON:22.12.2000
DOMESTIC MUTUAL FUNDS
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are considering permitting domestic mutual funds to invest in the stocks of global companies;

(b) if so, whether any limit has been set by the Reserve Bank of India;

(c) if so, the details thereof; and

(d) the extent to which it has been welcomed by the investors?

Answer

MINISTRY OF STATE IN THE MINISTRY OF FINANCE (BALASAHEB VIHE PATIL)

(a) to (d) A statement is laid on the Table of the House.

Statement referred to in the reply to Lok Sabha Starred Question No. 492 for answer on Friday, the 22nd December 2000 by Shri G.S. Basavaraj, regarding Domestic Mutual Funds.

(a) The High Level Committee on Capital Markets comprising representatives of the Reserve Bank of India, Securities & Exchange Board of India (SEBI) and the Department of Economic Affairs took a decision in August 1998 to permit mutual funds to invest in ADRs/GDRs issued by Indian companies.

(b) & (c) Mutual funds are permitted to invest in ADRs/GDRs issued by Indian companies subject to an overall ceiling of US $ 500 million and a sub ceiling for each mutual fund of US $50 million or 10% of net assets under management, whichever is lower.

(d) SEBI has so far received and cleared applications from five mutual funds to allow them to invest in ADRs/GDRs.